

*'Growing Small Farms Act' will help Upstate farmers expand, create jobs*

**ONEIDA, N.Y.** – Area farmers today joined **U.S. Representative Richard Hanna**, R-Barneveld, to announce a bill that would lower taxes on small farms. Hanna sponsored the bill with Democratic Congressman Peter Welch of Vermont.

The **"Growing Small Farms Act of 2012" (H.R. 5320)** would update the federal tax code to lower certain taxes on small farms – enabling farmers in upstate New York to devote more capital to job creation and business expansion. The bill would provide relief to upstate New York farmers who could then focus on growth, which would have a positive impact on the local economy, Hanna said.

Hanna made the announcement at Howard Regner's Quiet Meadows Farm on Beacon Light Road. Farmers from throughout the region spoke about the benefit this change would make to their farms.

**Rep. Richard Hanna said:** "We know it's tough to operate a business in upstate New York and we've seen many family farms be forced to close or sell their land. Our best food is grown right here in our community. By increasing this outdated tax exemption, we can help our small farmers not only remain open in New York, but we can help them thrive and provide safe and healthy, locally-grown food to our neighbors."

**Dean Norton, New York Farm Bureau President said:** "New York Farm Bureau commends Rep. Hanna for co-sponsoring the Growing Small Farms Act. By decreasing the tax burden, it will allow the state's hard working farmers to invest more money into the family business. This will help farmers expand at a time when consumers are asking for more nutritious, locally grown food to feed their families."

## ABOUT THE ISSUE

### **Overview**

The IRS publishes an annual tax document called the Circular A. The Circular A is a tax guidebook for agricultural producers. The Circular A contains an exemption for FUTA (Federal Unemployment Tax Act) taxes. This exemption level was included to aid small farmers.

A farm owner must currently file a FUTA tax return if they paid cash wages of \$20,000 or more to farm workers in any calendar quarter.

### **Problem**

The problem with the current exemption is that it is outdated, having been codified in 1976 and not updated since to account for inflation and other economic factors. The level currently sits at \$20,000 in quarterly payroll amounts. If a farm owner's paid cash wages for any calendar quarter comes in above this mark, he or she has no chance of garnering the protection of the exemption, which was purposely put in place to help shield these small farms.

### **Solution**

The Growing Small Farms Act would increase the quarterly FUTA tax exemption from \$20,000 to \$40,000 and index it to inflation in the future – allowing more small farmers in Upstate New York to qualify for this federal tax benefit.